

Attachment 02 - Significant Changes

Significant Changes since FY 2006

1. **Attachment 5A, DDRS-AFS Changes**, has outlined new DDRS-AFS enhancements for 1st quarter FY 2006. Please review this attachment thoroughly. **Components are required to save their reconciliation explanations on-line in DDRS-AFS for review by DFAS-IN Agency Wide AFS Directorate** and should also upload their reconciliation explanations for any differences (in a PDF format) to the ePortal by January 12, 2006 for the required reconciliations and January 16 for the remaining reconciliations. **Starting 1st quarter, Agency Wide AFS Directorate will be monitoring responses given for reconciliation differences by components for further action. Sufficient information should be supplied in narratives to explain all differences.**
2. **Attachment 5E, Entity Codes**, has been completely modified for 1st Quarter FY 2006 to simplify the identification of DDRS entity codes for individual lines of accounting (LOA).
3. **Attachment 6B, Elimination Adjusting Entries**, has been modified to add a sample entry for advances when amounts were expensed by buyers upon disbursement.
4. **Attachment 13B, Reconciliation Requirements for the Quarterly Financial Statements**, has been revised to reflect further changes made to each of the reconciliation reports to include changes to the financial statements, SF 133 and AR 1307 reports. The AR 1307 report has been modified to include reporting of Intragovernmental Accounts Receivable – Undistributed Collections and Intragovernmental Accounts Payable – Undistributed Disbursements. The SF 133 report has been completely modified based on changes to the revised OMB Circular A-11.
5. **Attachment 14A, Prior Period Adjustments (PPA)**, has been revised to clarify the reporting requirement of PPAs based on period of occurrence and whether it is a correction of an error or a change in accounting principle. If you need a sample of a thoroughly documented PPA package, contact DFAS IN Agency Wide Audited Financial Statements (AFS) Directorate. All PPA packages are due to them for review 15 days before the end of the quarter.
6. **Attachment 20A, FBWT Reporting Issues**, has been amended to include further guidance for the proper reporting of FBWT with the “**Appropriated Funds - Child Transfers**” attribute. DFAS also clarified that **FMS transactions are required to be part of the component's problem disbursement reporting in Note 3.**
7. **Attachment 20B** has been added to address USSGL account **1090, Funds Balance With Treasury Under Continuing Resolution. This account will be available for use 1st Quarter** and will adjust to zero when Treasury processes a warrant. Note: Balances in this account must adjust to zero by yearend.
8. **Attachment 22, 21-Day Eportal Project Guidance**, has been added to address issues related to the Eportal and the 21 day project.

Attachment 02 - Significant Changes

9. **Attachment 23, Earmarked Funds**, has been added to address the new requirements for components to report Earmarked Funds on the Balance Sheet and the Statement of Changes in Net Position. Additionally, **Note 23, Earmarked funds**, has been added to address the Earmarked Fund note disclosure. The Military Retirement Fund (MRF) and the Medicare Eligible Retiree Health Care Fund (MERHCF) are now required to report earmarked fund in individual columns. All other components reporting earmarked funds will be presented in aggregate in the “Other Earmarked Funds” column of this note.
10. **Attachment 24A & 24B, Accounts Receivable Aging**, have been added to address the new requirement for components to age receivables. All Components are now required to age non-delinquent and delinquent accounts receivables as stated in the DoDFMR Volume 4, Chapter 3 and Volume 6B, Chapter 10. A schedule and explanation must be included in Note 5 of the financial statements. Also a separate receivable schedule **(other Federal agencies only) must be sent to the Agency-Wide Financial Statement Division at DFAS-IN with all elimination amounts at level 2 and below removed**.
11. **Note 18, Disclosures Related to the Statement of Net Cost**, has been revised to include a footnote schedule that breaks out the reporting of costs and earned revenues between intragovernmental and nonfederal. The note must include a narrative discussion of fluctuations related to the Statement of Net Cost exceeding the 10% threshold.
12. **Note 24, Other Disclosures** has replaced **former Note 23 reported in FY 2005**.
13. **Based on OMB Circular A-136**, report formats have changed for the following statements: **Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and the Statement of Budgetary Resources**. Net Position reported on the **Balance Sheet** has been segregated between Earmarked Funds and Other Funds. The **Statement of Net Cost** is no longer broken out between Intragovernmental and Nonfederal. Many report lines in the **Statement of Changes in Net Position** have been spilt into Earmarked Funds and Other Funds. The **Statement of Budgetary Resources** has been reformatted completely based on these OMB changes.
14. **Prior Period Adjustments** on the Statement of Changes in Net Position and Note 19 has been modified to report either “**Changes in Accounting Principles**” or “**Corrections of Errors**”. The “Other” attribute for these adjustments has been removed. Due to changes to Treasury USSGL Chart of Accounts, **all Prior Period Adjustments account titles have been changed to annotate either Changes or Errors**. USSGLs 3108, 3109, 5708, 5709, 7400 and 7401 no longer have attributes of “Restated” or “Not Restated” reported in DDRS-AFS. USSGL 7400 is to be used **only for material errors**, and USSGL 7401 is to be used **only for changes in accounting principles**. Immaterial errors will be posted as current period entries.
15. **The Budgetary Import Sheet has changed** to accommodate the FY 2006 changes to the SF 133 and AR 1307 as discussed above.

Attachment 02 - Significant Changes

16. Note 8 Direct Loan and Loans Guarantees Data Call Information (applicable only to direct loans and guarantees obtained under the Federal Credit Reform Program).

The FASAB Standards 2 and 18; OMB Circular A-136, Section 9; and DoDFMR Vol 6B, Chapter 10, paragraph 101001 require additional disclosures when the following occur:

- a default of the loan or loan guarantee
- a modification to the loan or loan guarantee
- acquisition of foreclosed property
- written off of loans
- claim payments to outside lenders
- a significant change in either the subsidy rate, subsidy expense or subsidy reestimates.

You are required to disclose “events and changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy reestimates; and events and changes in conditions that have occurred and are more likely than not to have a significant impact but the effects of which are not measurable at the reporting date.”

Since this information cannot be obtained from the accounting systems, the Components are required to provide this information (as a data call on a quarterly basis) to their serving DFAS Sites to incorporate into its financials statements. Provide a negative reply if none of the above is applicable to you for any given quarters.